

## Message Text

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PAGE 01 LONDON 03557 021855Z  
ACTION COME-00

INFO OCT-01 ARA-06 EUR-12 EA-07 ISO-00 EB-08 TRSE-00  
CIAE-00 INR-07 NSAE-00 L-03 AID-05 /049 W  
-----030237 116971 /20

R 021822Z MAR 77  
FM AMEMBASSY LONDON  
TO SECSTATE WASHDC 1166  
INFO AMEMBASSY BUENOS AIRES  
AMEMBASSY BONN  
AMEMBASSY BRUSSELS  
AMEMBASSY MADRID  
AMEMBASSY MEXICO  
AMEMBASSY PARIS  
AMEMBASSY ROME  
AMEMBASSY STOCKHOLM  
AMEMBASSY TOKYO  
AMEMBASSY VIENNA

C O N F R A D E N T I A L LONDON 03557

DEPARTMENT PASS TREASURY

E.O. 11652: GDS  
TAGS: EEWT, EFIN. XM, XG, JA  
SUBJECT: GOVERNMENTAL TRADE CREDITS FOR CUBA

REF: STATE 40098

1. THE PUBLICIZED GOVERNMENT TRADE CREDIT LINES FROM THE U.K. TO CUBA AS LISTED IN REF APPEAR TO BE OVERSTATED. ON MAY 20, 1975 THERE WAS AN EXCHANGE OF LETTERS IN WHICH THE U.K. AGREED THAT THE ECGD WOULD "CONSIDER" EXTENDING ITS NORMAL CASECOVER ON CREDIT TO CUBA UP TO 250 MILLION POUNDS OF BUSINESS. THERE WAS NO AGREEMENT ON INTEREST RATES OR TERMS OF CREDIT AND ARRANGEMENT IS OPEN-ENDED WITH NO FIXED EXPIRATION DATE. COMMITMENTS IN FACT  
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CURRENTLY STAND AT 45 MILLION POUNDS. CONTRACTS COVERED THUS FAR UNDER THIS ARRANGEMENT CONSIST OF A NUMBER OF VERY SMALL PROJECTS ACROSS A RANGE OF SECTORS.

2. THE LOW LEVEL OF COMMITMENTS ARISES IN PART FROM A RELUCTANCE TO GRANT FURTHER COVER WHILE CUBA IS SHADING ITS IMPORT COMMITMENTS. THE PROBLEM CENTERS ON THE DIF-

FICULTY CUBA HAS FACED SERVICING ITS LINES OF CREDIT. MOST OF CUBA'S IMPORT CONTRACTS SPECIFY THAT CUBA WILL SUPPLY THE SHIPS NEEDED FOR TRANSPORT. AND RATHER THAN INCUR GREATER DEBTS CUBA HAS SIMPLY NOT SENT THE SHIPS TO COLLECT GOODS ON ORDER. U.K. EXPORTERS, INCURRING PRODUCTION AND STORAGE COSTS. ARE APPARENTLY AGGRIEVED OVER THIS PROCEDURE.

3. THE U.K. GOVERNMENT'S DISAPPOINTMENT OVER LOW LEVELS OF BUSINESS TAKEN UP TO DATE WAS NOT HELPED BY THE VISIT LAST WEEK OF ERNESTO MELENDEZ BACHS, A SENIOR CUBAN FOREIGN TRADE OFFICIAL WHO WAS IN LONDON FOR THE ANNUAL SESSION OF THE ANGLO-CUBAN JOINT ECONOMIC COMMISSION. WE UNDERSTAND THAT LITTLE NEW BUSINESS WAS DISCUSSED AND NO NEW CONTRACTS OF ANY SIGNIFICANCE ARE NOW ON THE HORIZON. MELENDEZ DID SAY CUBA WOULD LIKE TO CONCLUDE JOINT VENTURE AGREEMENTS WITH BRITISH FIRMS, ESPECIALLY IN THE AREAS OF TOURISM AND MINING, BUT WE SEE LITTLE LIKELIHOOD THAT BRITISH COMPANIES WILL BE RUSHING TO SIGN CONTRACTS.

ARMSTRONG

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01-Jan-1994 12:00:00 am  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** EXPORT CREDIT GUARANTEES  
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**Copy:** SINGLE  
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**Decaption Date:** 01-Jan-1960 12:00:00 am  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 22 May 2009  
**Disposition Event:**  
**Disposition History:** n/a  
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**Enclosure:** n/a  
**Executive Order:** GS  
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**Subject:** GOVERNMENTAL TRADE CREDITS FOR CUBA  
**TAGS:** EEWT, EFIN, XM, XG, CU  
**To:** STATE  
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**Review Markings:**  
Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
22 May 2009  
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